

STATE OF ARIZONA

Joint Legislative Budget Committee

STATE
SENATE

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CHAIRMAN 2002
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TIMOTHY S. BEE
KEN BENNETT
JACK A. BROWN
SCOTT BUNDGAARD
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CHRISTINE WEASON

MEETING NOTICE

DATE: Thursday, October 25, 2001

TIME: 1:30 p.m.

PLACE: HOUSE HEARING ROOM 4

AGENDA

- Call to Order
- [Approval of Minutes of October 4, 2001.](#)
- EXECUTIVE SESSION - Arizona Department of Administration, Risk management Services - Consideration of Proposed Settlements under Rule 14.
- DIRECTOR'S REPORT (if necessary).
- 1. [COMMISSION FOR THE DEAF AND THE HARD OF HEARING - Review of Telecommunications Relay Services Contract.](#)
- 2. [ARIZONA BOARD OF REGENTS - Follow-up Report on Technology and Research Initiative Fund Award Program \(Proposition 301\).](#)
- 3. REPORT ON RECENT AGENCY SUBMISSIONS
 - A. [Attorney General - Report on Model Court.](#)
 - B. [Department of Economic Security - Bimonthly Report on Children Services Program.](#)
 - C. [Department of Economic Security - Bimonthly Report on Arizona Works.](#)
 - D. [Department of Emergency and Military Affairs - Report on Declared Emergencies.](#)
 - E. [Department of Environmental Quality - Report on Progress of Vehicle Emissions Identification, Testing, and Repair Research Study.](#)
 - F. [Arizona Game and Fish Department - Quarterly Report on the Game and Fish Publications Revolving Fund.](#)

The Chairman reserves the right to set the order of the agenda.
10/18/01

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MINUTES OF THE MEETING

JOINT LEGISLATIVE BUDGET COMMITTEE

October 4, 2001

The Chairman called the meeting to order at 1:40 p.m., Thursday, October 4, 2001, in House Hearing Room 4. The following were present:

Members:	Senator Solomon, Vice-Chairman Senator Bee Senator Bennett Senator Brown Senator Cirillo Senator Rios	Representative Knaperek, Chairman Representative Gray Representative May Representative Pearce Representative Pickens Representative Weason
Absent:	Senator Arzberger Senator Bundgaard	Representative Allen Representative Burton Cahill
Staff:	Richard Stavneak, Director Gretchen Logan Kim Hohman	Cheryl Kestner, Secretary Lorenzo Martinez Jill Young
Others:	Debbie Spinner Kathy Wieneke Branch McNeal Matt Ortega Mr. Lonnie Hendrix	Office of the Attorney General Outside Counsel for the Attorney General AHCCCS Board of Regents State Maintenance Engineer, ADOT

APPROVAL OF MINUTES

Senator Solomon moved that the minutes of August 30, 2001 be approved. The motion carried.

EXECUTIVE SESSION

Senator Solomon moved that the Committee go into Executive Session. The motion carried.

At 1:41 p.m. the Joint Legislative Budget Committee went into Executive Session.

Senator Solomon moved that the Committee reconvene into open session. The motion carried.

At 2:00 p.m. the Committee reconvened into open session.

Senator Solomon moved that the Committee approve the recommended settlement proposal by the Attorney General's Office in the case of Saar v. State of Arizona and Sechrist v. State of Arizona. The motion carried.

DIRECTOR'S REPORT

Mr. Richard Stavneak, JLBC Staff, stated that a copy of the JLBC Statutory Responsibilities was provided to the Committee. This report is done once a year, and lists what is required of the Committee and JLBC Staff. The Committee has 131 different statutory responsibilities, up from 123 last year, and the JLBC Staff has 68, up from 59 last year. In addition, the JLBC Staff keeps track of reports that are required under statute. Mr. Stavneak noted that the list is posted on the JLBC Web site so that an agency is able to check to see whether they have met their statutory requirements.

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM (AHCCCS)

A. Review of Capitation and Fee-for-Service Rates.

Ms. Gretchen Logan, JLBC Staff, said that the adopted budget contained approximately \$32.5 million for inflation. However, the incorporation of the rate changes proposed by AHCCCS increases the amount needed for inflation to approximately \$35.7 million. This is \$3.2 million above the budgeted amount. The JLBC Staff deferred a recommendation on this item because they view the decision to increase the agency budget as a policy decision. Furthermore, the increases proposed by AHCCCS are based on actuarial analysis, and as with any projections, include some range of outcome.

Representative Knaperek asked Ms. Logan to expand on range of outcomes. Ms. Logan stated that in all projections there is a range because it is based on a set of estimates. For specifics she said she would have to defer to the agency representative.

Mr. Branch McNeal, Deputy Director, AHCCCS, said that he was not sure what Ms. Logan meant by that since it was not a statement made by the agency. He explained that in working with actuaries, AHCCCS supplies them with all the data. They come back with an adjusted rate that AHCCCS incorporates and then sends it to the Center for Medicare and Medicaid Services (CMS). Under the agreement with AHCCCS and CMS, AHCCCS has a requirement that actuaries set the capitation rates paid to their contractors.

In response to Representative Knaperek, Mr. McNeal said that during a rate renewal year the actuary does not come back with a range of rates. During a bid year, however, AHCCCS sets a rate range and asks for competitive bids that stay within that rate range. If someone comes in with a bid that is higher than the high range, AHCCCS will not accept it but will offer them a rate within the range.

Representative Knaperek asked if you have a different actuary could you have a different rate. Mr. McNeal said that 2 different professionals could come up with 2 different recommendations.

Mr. McNeal discussed his handout which was a packet of recent articles from national and local publications that speak to the rate increases that are occurring in health care. (Attachment 1)

Representative Knaperek noted that the rates for Long-Term Care came in lower than what was proposed. Mr. McNeal said they had a competitive process for Long-Term Care contracts this year for all the counties in the state except for Maricopa County. The combination of that competitive process, along with the beneficial shift of members from institutional settings to alternative residential settings, which are just under 1/3 of the cost, allowed them to keep the capitation rate increase for the Long-Term Care program lower than expected. Without that shift the increase in the ALTCS rates may have been somewhere between 7% and 8%. Because they have more people who come in and have the ability to have services in their own home, such as an adult foster care setting, it is a much less costly setting. Mr. McNeal noted that they also have Kids Care which did not have a capitation rate increase.

In response to Senator Cirillo's questions on a reduced rate and the number of capitation rates, Mr. McNeal said they would reduce the rate if the actuaries said the rate needed to be reduced. He further stated that they have looked at all of the 16 capitation rates and the net affect is a 7.2% increase.

Senator Solomon asked Ms. Logan if she would expand on what she meant by range in rates. Ms. Logan said that she was pointing out that whenever you have a projection, as with revenue forecasting, there is always some uncertainty or a range of low to high.

Representative Knaperek said that AHCCCS is required to be actuarially sound. This puts them \$3,200,000 higher than the budget which means they will likely come back for a supplemental. The Committee does not have to approve a

supplemental. She asked if Mr. McNeal had any insight into whether the agency would be asking for a supplemental or how they would be handling the shortfall.

Mr. McNeal said clearly they would have to request a supplemental in order to have funds available.

Senator Solomon asked if AHCCCS had a Medical Stabilization Account with funds set aside for such expenses as indicated by increased caseload. Mr. McNeal responded that they did.

Mr. Stavneak said that to use the Medical Stabilization Account for a supplemental the agency would have to come before the Committee prior to expenditure of that money. He also noted that it might be useful in the future if AHCCCS asked the actuaries to present them with a range of potential rates so the Committee can get a possible range of outcomes.

Senator Solomon moved that the Committee give a favorable review to the AHCCCS capitation and fee-for-service rates increase. The motion carried.

B. Report on Provider Rate Adjustment Implementation Plan.

Ms. Logan reported that this item was for information only and no Committee action was required. This plan is in accordance with the intent of the provider rate increase, as outlined by the General Appropriation Act, and falls within the amounts budgeted for the increase.

Senator Cirillo commented that if this were an item that the Committee would be looking at in the budget review, it should not be passed over now.

Representative Knaperek said that the Committee cannot take action on this but could certainly express comments. She suggested that AHCCCS delay this until the budget is discussed.

Mr. McNeal said those provider rate increases are already being dealt with. They are built into the capitation rates that are effective this month.

ARIZONA BOARD OF REGENTS - Report on Technology and Research Initiative Fund Award Program (Proposition 301).

Ms. Jill Young, JLBC Staff, said that this item was for information only and that the Chairman of the Committee had requested that it be on the agenda. The report is required by statute to be submitted by September 1 of each year. The Technology and Research Initiative (TRI) Fund was established to fund new economy technology and research initiatives by Education 2000 (Proposition 301). Proposition 301 increased the state sales tax from 5% to 5.6% and the universities receive a portion of these revenues. The Board of Regents receives funding requests and issues awards based on the criterion established. Ms. Young referred to the table in the JLBC Staff memo for the distribution of TRI Fund revenues. The low and high estimates are based on revenue forecasts from this spring.

Representative Knaperek asked Ms. Young to give the actual percentage between the low and the high. Ms. Young replied that based on information from the Board of Regents, they have received the actuals from June and July. Because of a lag in receiving information, they receive that information in August and September. In June they received approximately \$2.9 million and in July approximately \$3.5 million, which totals \$6.4 million. At this point, not having a full year, they are 2.6% lower averaged over the 12-month period. Ms. Young said there is a 20% difference between the high and the low estimate.

Senator Cirillo suggested that the Board of Regents be looking at their projects and prioritize them because if sales tax revenues fall short they should not be taken by surprise in the middle of a project.

Ms. Young said that the university system does plan to go before the Board in January 2002 to reevaluate their projects.

Senator Solomon asked about the "Regents Innovation Fund." It appears that there is no low and high estimate and that it is allotted \$1 million for each year.

Mr. Matt Ortega, Board of Regents, responded that the Regents Innovation Fund is a 5-year forecast low. That is, it is designed for specific programs.

The Arizona Regents University is a coalition effort between the Board and the 3 public universities to provide place-bound and time-bound students with access to all 3 public universities. Students could select a home university but take classes on-line, or otherwise, from all 3 state universities.

Senator Solomon asked if distance learning was not already available. Mr. Ortega responded that each university has their own version of distance learning, but currently a student is not able to access all 3 universities in completing their degree. The concept for being enrolled at 1 university would be for a student living in rural Arizona to select a home university, even though they do not live in Flagstaff, Maricopa County or Tucson, but would have the benefit of having access to all the courses at the 3 universities. A student services system through Arizona Regents University would provide services for them so they could get their degree in a reasonable amount of time. Mr. Ortega said their purpose was to solely help those students that were place-bound or time-bound to have access to urban campuses. It is not a virtual university.

Senator Solomon said that she felt the timing was not good for implementing the Arizona Regents University at this time.

Representative Gray asked if a feasibility study had been done on this. Mr. Ortega said that studies had been done on programs like this but not on their particular program.

Representative Knaperek asked for more information on the Arizona Regents University and Regents Innovation Fund.

Representative Pickens said that Proposition 301 monies cannot be swept into the General Fund, these monies cannot be diverted for other uses.

Senator Solomon said that the universities will have to make a decision on how they want to come up with budget relief.

Mr. Ortega stated that it is his intent to make sure the Committee is comfortable with whatever public accountability or performance measures they feel is necessary.

Senator Bennett said that Mr. Ortega described the Regents University as something that is not up and running yet but are budgeting \$2 million in FY 2002. Mr. Ortega responded that it is something that they are planning to do over time.

REPORT ON RECENT AGENCY SUBMISSIONS

Mr. Stavneak said that these are the recent reports received in the last month and no Committee action was required. He noted that the Governor has declared an emergency in light of the September 11 event and released \$40,000 to the Department of Emergency Services.

- A. State Board of Directors for Community Colleges - Report on Arizona Learning Systems.**
- B. Department of Economic Security - Report on Annual Child Care Expenditures.**
- C. Department of Corrections - Report on Inmate Utility Fees.**
- D. Dental Board - Report on Unprofessional Conduct Definitions.**
- E. Arizona Department of Transportation - Report on Highway Maintenance Levels of Service.**
- F. Arizona Department of Transportation - Report on Ports of Entry.**
- G. Department of Emergency and Military Affairs - Report on Declared Emergencies.**
- H. Department of Health Services - Report on SMI Services Distribution Plan.**
- I. Boxing Commission - Report on Boxing Events and Revenue.**

Representative Weason commented on the need and expense for ADOT to have hired a consultant to assess public perception of Arizona's Highway Maintenance program and to have repeated a survey initially conducted in July 1998.

Mr. Lonnie Hendrix, Assistant State Maintenance Engineer, ADOT, responded that ADOT has already begun the 3rd consultant contract, which is designed to help ADOT be more accurate with the data collection. The 2nd consultant survey to assess public perception of highway maintenance was a follow-up to an initial survey originally done in July 1998.

Without objection, the meeting adjourned at 2:45 p.m.

Respectfully submitted:

Cheryl Kestner, Secretary

Richard Stavneak, Director

Representative Laura Knaperek, Chairman

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DATE: October 16, 2001

TO: Representative Laura Knaperek, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Beth Kohler, Fiscal Analyst

SUBJECT: ARIZONA COMMISSION FOR THE DEAF AND THE HARD OF HEARING
– REVIEW OF TELECOMMUNICATION RELAY SERVICES CONTRACT

Request

Pursuant to a footnote in the General Appropriation Act, the Arizona Commission for the Deaf and the Hard of Hearing is required to present any proposed contract for telecommunication relay services (TRS) to the Committee for review. The Commission requests review of the contracted recently awarded, contingent upon Committee review, to MCI WORLDCOM Global Relay.

Recommendation

The JLBC Staff recommends that the Committee give a favorable review to the proposed contract. The contract includes a per minute price of \$1.24 beginning January 1, 2002, which is lower than the budgeted per minute price of \$1.37. The JLBC Staff estimates this may result in savings of \$221,000 in FY 2002 and \$457,000 in FY 2003 from the budgeted amounts for the Telecommunication Fund for the Deaf.

Analysis

A footnote in the General Appropriation Act stipulates that “before the execution of any contract for telecommunication relay services, the Commission for the Deaf and the Hard of Hearing shall present the proposed contract to the Joint Legislative Budget Committee for review.” The Commission reports that the State Procurement Office has awarded the contract to MCI WORLDCOM Global Relay, contingent upon Committee review.

The Commission administers the statewide TRS program, which provides telephone access for the deaf and the hard of hearing. The program is funded from the Telecommunication Fund for the Deaf, which receives monies from a 1.1% tax on local phone bills. The budget for the program is \$4.7 million in FY 2002 and \$4.8 million in FY 2003 and was based upon an anticipated cost of \$1.37 per minute. This figure assumed increased costs in FY 2002 and FY 2003 associated with a new Federal Communications Commission (FCC) mandate that requires increased operating typing speed and faster answering services and establishes a minimum period of time an operator must remain on a call. These costs had been incorporated into the \$1.37 per minute rate charged by the previous TRS provider, Sprint.

The State Procurement Office (SPO) issued a Request for Proposal for the TRS contract on June 4, 2001 and received proposals from 3 vendors. SPO rated the proposals on their terms and conditions, cost, method of service delivery, and firm qualifications and recommended that the contract be awarded to MCI. Although another vendor offered a lower price per minute, SPO determined that they would not fully comply with the FCC mandate mentioned above. The contract was awarded to MCI on October 11 but is contingent upon Committee review.

The JLBC Staff recommends a favorable review of the contract. The contract includes a price per minute of \$1.24, which is a decrease of 9.5% from the current rate. The JLBC Staff estimates that, based on the call volume projections that were used to develop the FY 2002 and FY 2003 budgets, this price decrease may result in savings of \$221,000 in FY 2002 and \$457,000 in FY 2003 from the program's budget.

RS/BK:ck

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DATE: October 18, 2001

TO: Representative Laura Knaperek, Chairman
Members, Joint Legislative Budget Committee

THRU: Richard Stavneak, Director

FROM: Jill Young, Fiscal Analyst
Lorenzo Martinez, Senior Fiscal Analyst

SUBJECT: ARIZONA BOARD OF REGENTS – FOLLOW UP REPORT ON
TECHNOLOGY AND RESEARCH INITIATIVE FUND AWARD PROGRAM
(PROPOSITION 301)

Request

As a follow up to the Arizona Board of Regents (ABOR) FY 2001 report on the Technology and Research Award Program, ABOR submitted additional information on two items, the Regents Innovation Fund and the Arizona Regents University (ARU).

Recommendation

This item is for information only and no Committee action is required. The Regents Innovation Fund will receive \$1,000,000 each year from the Technology and Research Initiative Fund (TRIF) and Arizona Regents University will receive \$2,000,000 each year.

Analysis

In response to questions raised by the Committee at the last meeting, ABOR has provided additional information on the ARU and the Regents Innovation Fund.

(Continued)

Arizona Regents University

ABOR will allocate \$2,000,000 each year to develop ARU. The intent of ARU is to coordinate the e-learning activities of the universities and fund development of new technology delivered degree programs. All services, programs, and courses will be provided by the universities. ARU will not offer its own programs or courses. Funding will be allocated to the universities to develop e-education programs in Engineering, Math and Science Teacher Education, and Nursing Education. While each student may take courses from more than one university, the student will choose one university as a home institution. The ARU system will provide on-line support for student services such as admissions, registration, financial aid, and course articulation.

The Auditor General issued a report that stated development of ARU should continue; however, the report also stated that additional research on demand for ARU should also be conducted.

Regents Innovation Fund

ABOR will allocate \$1,000,000 each year to the Regents Innovation Fund. The Innovation Fund will provide shorter-term grants for high-priority, limited duration projects consistent with the goals of Proposition 301 and TRIF. ABOR directed that the Innovation Fund monies for FY 2002 and FY 2003 be used to support two major new priorities, Learner-Centered Education and Accountability for the Technology and Research Initiative Fund.

Learner-Centered Education – ABOR allocated \$500,000 to implement unique, innovative projects at the universities to develop teaching skills, research studies, assessment mechanisms, and new courses that focus on the needs of learners and their prospective employers.

Accountability for the Technology and Research Initiative Fund – ABOR will also allocate an undetermined portion of the Innovation Fund to support the establishment of a Business Advisory Team and the development of a comprehensive and credible evaluation program for the TRIF.

Attachment A shows the other projects that will be funded from TRIF.

RS:JY:LM:ss
Attachment

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DATE: October 18, 2001

TO: Representative Laura Knaperek, Chairman
Members, Joint Legislative Budget Committee

FROM: Richard Stavneak, Director

SUBJECT: REPORT ON RECENT AGENCY SUBMISSIONS

Request

The JLBC has received a number of statutorily required reports during the past month. Each report is briefly described below.

Recommendation

The reports are for information only and no Committee action is required. We do not intend to discuss the reports at the JLBC meeting unless a member has a question. If any member knows in advance that they will have questions, we would appreciate knowing that before the meeting so as to ensure the relevant agency is available.

Reports

A) Attorney General - Report on Model Court.

Laws 2001, Chapter 238 requires the Office of the Attorney General to submit a quarterly report summarizing program information related to Model Court. It submitted its latest report on September 27. The report should provide a summary of projected expenditures by line item for the following quarter, including the number of Full-Time Equivalent (FTE) Positions and Federal matching funds. It should also include actual expenditures for the previous quarter as well as the reduction in the backlog of cases, the number of children placed, the type of placement, and the number of children still awaiting placement. The agency projects expenditures for the 1st Quarter of FY 2002 to be approximately \$523,000, with a total of 49 FTE Positions. The amount in Federal matching funds earned through June 2001 was more than \$1,000,000.

The agency's summary for the 4th Quarter of FY 2001 reports total expenditures at approximately \$711,100. As of January 1, 1999 there were approximately 6,000 open dependency cases (cases open before statewide implementation of Model Court). By the end of the 4th Quarter of FY 2001, 1,175 of the original 6,000 remain. The total number of children (both new and existing) placed during the 4th Quarter was 935. Of this amount, 311 children represent backlog cases. The number of cases does not correspond directly to the number of children (i.e. each case may involve more than one child). Of the

935 children placed, 135 were adopted by a relative, 365 were adopted by a non-relative, 113 were placed with a guardian related to the child, 40 were placed with a guardian not related to the child, and 292 were reunited with a parent. The agency reports a total of 6,170 children still awaiting placement. These children represent both new and backlog cases. The agency could not provide a breakout of the number of backlog children still awaiting placement.

B) Department of Economic Security - Bimonthly Report on Children Services Program.

Pursuant to a footnote in the FY 2002 - FY 2003 General Appropriation Act, the Department of Economic Security (DES) has submitted the bimonthly Children Services report for October 1. The report includes actual expenditure and caseload data through August 2001. Year-to-date expenditures totaled \$8,628,249, or 14.6% higher than the \$7,526,200 projected in DES' last bimonthly report. DES still projects a state funds deficit of \$(5,270,400). As we noted in our review of the last bimonthly report, if the percentage of children receiving Children Services qualifying for Federal Title IV-E funding is higher than DES projects, this state funds deficit could be smaller. We would also note the difficulty in projecting expenditures this early in the fiscal year. The number of children receiving services in August was 15,301, a decrease of 14 children from July 2001.

C) Department of Economic Security - Bimonthly Report on Arizona Works.

As the vendor for the state's Arizona Works pilot welfare program, MAXIMUS is required to report bimonthly on Arizona Works. It submitted its latest report on September 14. Total caseloads in Arizona Works increased by 3.5% from July 2000 to July 2001. Over the same period of time, welfare caseloads in the rest of Maricopa County increased 21.5%.

D) Department of Emergency and Military Affairs - Report on Declared Emergencies.

Pursuant to A.R.S. § 26-303, on October 2, 2001, the Governor amended the earlier proclamation of September 12, 2001 (PCA 22002) relating to terrorists attacks. Pursuant to A.R.S. § 35-192, the Governor directed that an additional sum of \$160,000 from the General Fund be made available for expenditure by the Director of the State Division of Emergency Management. The proclamation in September had authorized the expenditure of \$40,000. The total authorized expenditure for the emergency is \$200,000.

Under A.R.S. § 35-192, the Governor is authorized to approve the expenditure of \$200,000 or less for any single disaster or emergency. Authorization of larger expenditures cannot be made without consent of a majority of the members of the State Emergency Council. The total amount of all expenditures for States of Emergency cannot exceed \$4,000,000 for any fiscal year. There have been three emergency declarations or amendments in FY 2002 with total authorized expenditures of \$400,000 from the General Fund.

This proclamation does not involve the Governor's deployment of Arizona National Guard personnel to perform airport security operations across the state. National Guard personnel performing security activities will be in federal Title 32 status. They will be under the Governor's control, but the federal government will cover their pay and benefits. Federal tort claims will also apply. The deployment is expected to last until the new federal airport security program is implemented in approximately four to six months.

E) Department of Environmental Quality - Report on Progress of Vehicle Emissions Identification, Testing, and Repair Research Study.

Laws 2000, Chapter 404 requires the Arizona Department of Environmental Quality (ADEQ) to report at least every 6 months on the results of the Vehicle Emissions Identification, Testing, and Repair Research Study. We received the first progress report on October 11, 2001.

The Vehicle Emissions Identification, Testing, and Repair Research Study was created by Laws 2000, Chapter 404 to evaluate alternative vehicle emissions testing technologies, and to look at ways to improve compliance with the program. Proposals from contractors were solicited, and ADEQ formed a contractor selection committee to review the proposals. The final contract was awarded on April 3, 2001 to Eastern Research Group (ERG) of Austin, Texas.

Since the contract was not awarded until halfway through the period covered by the report, only 3 months of contractor activity is discussed. In this time ERG developed a work plan for the research study. The plan's first step involves developing a baseline of Vehicle Emissions Inspection (VEI) program compliance and non-compliance and calculating the associated emissions reductions. Also, ERG will evaluate an assortment of alternative emissions testing technologies, using data collection in the field where applicable.

As another component of the plan, ERG will assess a variety of technologies designed to improve motorist compliance with the VEI program and conduct focus groups and a survey to look at motorist attitudes about the program. Based on its findings from these studies, ERG will present ADEQ with an evaluation of each of the alternative technologies and compliance options, including costs and emissions reductions associated with each.

F) Arizona Game and Fish Department - Quarterly Report on the Game and Fish Publications Revolving Fund.

A.R.S. § 17-269 (B) requires the Arizona Game and Fish Department to submit a report quarterly on the Game and Fish Publications Revolving Fund to the Joint Legislative Budget Committee. The fund was established to facilitate production and distribution of department publications and information. Fund revenues are derived from the sale of publications. If at any time monies in the fund exceed \$80,000, the excess amount must be immediately reverted to the Game and Fish Fund.

We received the report for the 4th quarter of FY 2001 on September 27, 2001. A summary of the Publications Revolving Fund cash balance for FY 2001 by quarter is shown below.

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
Ending Balance (with Encumbrances)	\$29,795	\$79,430	\$78,492	\$61,917

RS:lm